GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3122
ANSWERED ON:07.12.2007
INSURANCE FOR RURAL PEOPLE
Oraon Dr. Rameshwar

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has issued directions to the private insurance companies to cover the people in rural areas and farmers under the insurance schemes;

(b) if so, the details thereof; and

(c) the reaction of the private insurance companies thereon?

Answer

The Minister of State in the Ministry of Finance (Shri Pa wan Kumar Bansal)

(a)&(b): The Insurance Regulatory and Development Authority (IRDA) has reported that all insurance companies including those in the private sector are required to comply with obligations towards the rural and social sectors as notified by it under the IRDA(Obligation of the Insurers towards the Rural or Social Sectors) Regulations, 2002. The obligations of the private sector insurance companies towards the rural and social sectors are as under:

A. Rural Sector:

(i) in respect of life insurer:
7% in the first financial year.
9% in the second financial year.
12% in the third financial year.
14% in the fourth financial year.
16% in the fifth financial year.
18% in the sixth and seventh financial year of the total policies written direct in that year.

(ii) in respect of a non-life insurer:
2% in the first financial year.
3% in the second financial year.
5% thereafter, of the total gross premium income written direct in that year.
B. Social Sector:
five thousand lives in the first financial year.
seven thousand lives in the second financial year.
ten thousand lives in the third financial year
fifteen thousand lives in the fourth financial year
twenty thousand lives in the fifth financial year
twenty five thousand lives in the sixth and seventh financial years.

(c): The compliance of the rural sector obligations of all the insurance companies including the private sector is monitored by the IRDA. All the private sector life and non-life insurance companies have fulfilled the target set out for the year 2006-07.